



STATE OF WASHINGTON

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FOR IMMEDIATE RELEASE

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OLYMPIA, September 17, 2002 --- Recent economic data revisions indicate that Washington employment is weaker than previously believed but incomes are higher. Revenue collections since the last forecast suggest that overall the local economy is performing about as expected in June. As a result, the forecast for the current biennium is essentially unchanged. The new forecast reflects the view that the national recovery will be weaker than assumed in June and that the recovery in aerospace will be delayed until 2004 which leads to a lower revenue forecast for the 2003-05 forecast.

The General Fund-State revenue forecast for the 2001-03 biennium is \$21,106.3 million, which is \$33.8 million lower than the forecast adopted in June. The September revenue forecast for the 2003-05 biennium of \$22,700.1 million is \$265.1 million lower than the June forecast. The 2003-05 forecast reduction of \$345.5 million due to economic factors is partially offset by an \$80.4 million increase due to an adjustment for the expiration of two tax incentives scheduled to expire in the 2003-05 biennium and for 2002 legislation not included in the June 2002 forecast. The bottom line is a \$298.9 million revenue forecast reduction for the two biennia combined.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2001-03 biennium. The forecast based on more optimistic economic assumptions netted \$273 million (1.3 percent) more revenue than did the baseline forecast while the pessimistic scenario was \$280 million (1.3 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$17 million (0.1 percent) less revenue than did the baseline forecast.

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